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RUEHAK/AMEMBASSY ANKARA 4083  
RUEHBJ/AMEMBASSY BEIJING 1899  
RUEHKO/AMEMBASSY TOKYO 1764  
RUEHIT/AMCONSUL ISTANBUL 2333  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RHEHNSC/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHMFIUU/CDR USCENCOM MACDILL AFB FL  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
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SUBJECT: TURKMENISTAN: DEPARTMENT OF TREASURY SEES  
POTENTIAL FOR ASSISTANCE IN E-FILING

REF: A. ASHGABAT 959

[1](#)B. 07 ASHGABAT 1039

[1](#)1. (SBU) SUMMARY: Visiting tax specialists from the U.S. Department of the Treasury's Office of Technical Assistance were impressed with the organized operations of the Main State Tax Service and do not believe that the Service needs Treasury assistance at this time. To keep a foot in the door, however, the team will propose a project to help develop e-filing in Turkmenistan. The Main State Tax Service plans to electronically connect all district offices with its headquarters in Ashgabat by the end of 2008 or the beginning of 2009, and aims to offer e-filing services in 2010. Post supports this project as a way of keeping the dialogue open and because it would develop programs that will help improve Turkmenistan's still-poor commercial investment climate. END SUMMARY.

WELL-ORGANIZED AND OPEN MEETINGS

[1](#)2. (SBU) U.S. Department of the Treasury officials Alan Robidoux, Regional Tax Administration Advisor, and William Remington, Associate Director for Tax Policy and Tax Administration, met with both Turkmen officials and private sector actors during their assessment visit July 21-25. The government granted all requested meetings, including at the Main State Tax Service, State Institute for Strategic Planning, Ministry of Finance, Chamber of Commerce, and the Union of Entrepreneurs and Industrialists (Ref. A). In addition, the Main State Tax Service arranged 1 1/2 days of individual working-level meetings with the heads of the Tax Checks (for legal entities), Tax Checks (for individuals), Personnel, Tax System Development, Tax Debts, Consulting, and Information Technology departments; with the deputy head of the city of Ashgabat's tax office; and with the head of Ashgabat's Kopetdag district tax office. The team met with Chairman Nurmhammet Ashirov and Deputy Chairman Pavel Pryanichnikov at the beginning and at the end of the visit. Pryanichnikov put an English-speaking young professional, International Taxation Section First-Level Expert Tayhar Tayharov, in charge of the delegation.

DELEGATION RATES TAX ADMINISTRATION AS "VERY GOOD"

¶3. (SBU) Robidoux and Remington were impressed with the open nature of the well-organized meetings at the Main State Tax Service. They rated all aspects of tax administration as presented at the State Tax Service as "very good," noting that the very controlled financial system does not allow for too many irregularities. Given the small size of Turkmenistan's private sector and the government's still-limited dependence on tax revenue, they concluded that Treasury assistance at this point is largely unnecessary. However, the service may need assistance in a few years if the private sector grows. Although Remington and Robidoux's first reaction was to offer no assistance because the organization was so well-run, the team realized that it could propose an e-filing project in order to help the State Tax Service reach one of its goals and to continue the dialogue. The Main State Tax Service is planning to electronically connect all of its regional offices by the end of 2008 or the beginning of 2009, and envisions offering e-filing services in 2010. Remington believes that the project could consist of three or four trips of a week or two each to help set up a project plan and monitor progress towards implementation. The team might offer study tours to the U.S. or other countries to learn other viewpoints about the administration of tax systems, but this project would not include assistance with programming or offers of software.

SOME RECOMMENDATIONS TO THE MAIN STATE TAX SERVICE

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¶4. (SBU) Remington and Robidoux noted that the Main State Tax Service should consider planning to make adjustments in the future as the private sector expands and as its work becomes more complex, and recommended consulting with the Union of Entrepreneurs and Industrialists about concerns of the private sector. Treasury's Tax team also said that the Service's management should brainstorm on goals, looking three to five years in the future to create a strategic plan.

INSTITUTE FOR STRATEGIC PLANNING NEEDS IMF'S ASSISTANCE

¶5. (SBU) The Institute for Strategic Planning, which was established in 2007 and employs 80 specialists, is working on the country's "Strategic Program through 2030." At a meeting on July 21, the deputy head of the Institute asked for assistance with charting tax policy which would support the Strategic Program through 2030. This includes methodology (training for specialists on scientific tools and mechanisms used in tax policy) and developing a tax policy that encourages growth of small and medium enterprises over the short-, medium-, and long-term. However, the Treasury Department's Office of Technical Assistance does not work in this area and will recommend that the Vicki Perry of the International Monetary Fund's Financial Affairs Department, Tax Policy and Tax Administration Unit make an assessment trip. A meeting at the Ministry of Finance with Deputy Minister Dovletgeldi Sadykov and various department heads focused also on discussion of the Strategic Program through 2030.

¶6. (SBU) COMMENT: Business contacts of the Embassy have suggested that the Treasury team may have met only with the sharpest tax officials. There remain a number of less efficient tax officials, particularly at the local level, and the tax service may need assistance down the road if the demands on it increase. The proposal to work on e-filing may be a good way of keeping the door open until we see the results of President Berdimuhamedov's current initiative to promote private sector growth. END COMMENT.  
CURRAN